

The Communicator

Issue 19

Fall 2001

DESIGNED TO EDUCATE AND INFORM ABOUT ISSUES RELATING TO PROPERTY TAXATION AND LOCAL
GOVERNMENT FINANCE IN THE STATE OF INDIANA

Published by: The State Board of Tax Commissioners

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Room N-1058 Indianapolis, Indiana 46204

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www.in.gov/taxcomm/

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UPDATE ON PROGRESS OF 2002 REASSESSMENT

In September, the State Tax Board completed a survey of Indiana counties on the progress of the 2002 reassessment. The results are encouraging. The data shows that many counties are making significant efforts in completing the task and that most units will have reliable data in which to project budgets for the 2002-2003 fiscal year.

With respect to land valuation, 20 counties are finished and 53 are more than half finished. Three (3) counties had not yet begun the process. With respect to data collection, 7 counties are finished and 46 are more than half finished. Only 15 had not yet begun the process.

Progress has been made in the area of sales disclosure as well. Twenty-nine (29) counties reported having a verification system in place. Seventy-five (75) counties reported having a sales data file up and running.

Only 3 counties have software up and running, although 15 more have software installed that is not yet fully operational. As the software approval process continues, more counties should soon have software so that data transfer, data entry and pricing can occur.

Questions regarding the process should be directed to Brian Bucher at (317) 232-3773.



In Memory of Jim Cornwell

February 7, 1945 - August 22, 2001

This issue of "The Communicator" is dedicated to the memory of our dear friend and co-worker Jim Cornwell.

Jim Cornwell, Assistant Director for the Budget Division, passed away on August 22 after a brief battle with cancer. Jim provided invaluable service to local units of government through telephone conversations, personal contact, written memoranda and presentations at various association meetings. His primary focus was with cities/towns, libraries, townships and special taxing districts.

His seventeen year tenure at the Tax Board included stints as the External Affairs Representative, Southern Budget Field Representative and Assistant Director. He was well respected among his peers and in the community. His budget knowledge and expertise will be missed.

Although Jim is gone, his contributions, smile, easy-going nature and positive attitude will not be forgotten. He was more than an Assistant Director to us; he was a friend.

Melissa Henson



Message from the Chairman Jon Laramore

During the weeks since the last *Communicator*, I have been able to meet many assessors at the Clarksville conference and at regional meetings, as well as informally in various settings. I have enjoyed these contacts and I hope to continue to have open lines of communication with the assessing community. Here are a few things the State Board is working on:

1. The State Board - especially Assessment Director Kurt Barrow and Assistant Director Brian Bucher - has spent a lot of time on the personal property rule, which is discussed in an article on *Page 6* of this *Communicator*. They have done a great job developing a draft rule that follows the Supreme Court's command for uniform valuation of all types of property. We hope to have this rule finalized in just a couple of weeks.
2. The State Board has devoted many hours to negotiations with vendors to fulfill our responsibility to enter contracts for the reassessment of Lake County. I hope we can make an announcement on that topic soon.
3. We have completed our software standards, published as a non-rule policy document in the October *Indiana Register*. We are now open for business to certify software. We are in close communication with vendors although none has yet formally submitted software for certification. Final certification will not take place for any county until you have certified that the software *actually works* on your computer system. Nancy Stassen, Bill Waltz, and Kurt Barrow on our staff were instrumental in developing these standards.

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Message from the Chairman (Con't from Page 2)

4. The General Assembly has assigned the State Board the job of developing an instructional bulletin for local assessors dealing with exemptions - especially how to determine if a particular property is used "predominantly" for an exempt purpose. We want input from local assessors on this topic. Several assessors already have contacted me to let me know they want to be involved. If you would like to add your name to that list, please write me at the State Board, email me at:

jlaramore@tcb.state.in.us

Or, call Julie Waddell at (317) 232-3765.

A couple of other matters:

Now that the General Assembly has changed true tax value to 100% of assessed value, please be sure that the 100% figure is reported on sales disclosure forms. Also, many of you have raised issues about the parcel numbering requirements in our computer software rule (50 IAC 12). Parcel numbering is to be implemented by January 1, 2003 under this rule.

We have not included parcel numbering in the requirements for software certification for this reassessment - because the certification has to take place before the date the parcel numbering is required to be implemented. IC 6-1.1-5-2 mandates uniform parcel numbering, and the State Board intends to follow that statutory requirement.

I hope the reassessment is going well for each of you.



From the Appeals Division -- Indiana Supreme Court Takes *Garcia* Case

The Indiana Supreme Court agreed in August to review the Indiana Tax Court's decision in the case of ***Garcia v. State Board of Tax Commissioners***.

This means that the Court will decide whether the Tax Court was correct in holding that the 1995 manual did not permit the assignment of a grade for any parcel of residential property higher than an "A".

If the Court decides that the Tax Court was incorrect, it would presumably explain how to do grading for properties above an "A" grade. However, until the Supreme Court rules, the Tax Court's decision remains in effect.

The State Tax Board will keep the assessing community up to date on any developments in this matter.



Open Channels of Communication

Make more customers happy by learning the communication medium they prefer and responding to them that way. It's the digital version of "the customer is always right." If they prefer e-mail, use e-mail; if they like snail-mail, use the post office.

Adapted from Media Mall e-zine



Update on Interim Study Committees – It's That Time of the Year Again

During the period between legislative sessions, bipartisan interim study committees examine various issues of concern to Indiana citizens. These committees often draft legislation, which is considered by the Indiana General Assembly. Several of these interim study committees address issues, which are tax related, and affect locally elected officials. Those, which might be of interest to the assessing community, include: the County Government Study Commission; the Local Government Finance Study Committee; the Commission on State Tax and Finance Policy; and the Interim Study Committee on State and Local Government Issues.

For further information, please visit the Interim Study Committee web page at:

<http://www.in.gov/legislative/interim/>

Click on "Study Committees" and then click on the appropriate committee.

The State Tax Board is interested in your comments on these and other related assessing topics. Please send them to:

**Mark C. Webb, Director of Communications
and Public Affairs
State Board of Tax Commissioners
N1058 Indiana Government Center North
100 North Senate Avenue
Indianapolis, Indiana 46204**

Or, fax them at **(317) 232-8779**, or via email at:
mwebb@tcb.state.in.us.



Approval of Course for Continuing Education Credit Hours by Lisa Barnes

Since January 1999, a number of individuals and organizations have submitted courses to the STB for continuing education credit approval. As outlined in Training Bulletin 99-6 (August 13, 1999), the State Tax Board considers for continuing education accreditation classes taught by individuals and organizations outside of the STB.

If you plan to take or teach courses, please remember that **all courses must be submitted to the STB at least 90-days in advance of the first delivery date of the course.** Information that must be submitted includes:

- ✓ Course title
- ✓ Course description
- ✓ Course outline
- ✓ Length of the course
- ✓ Course dates
- ✓ Sponsoring organization.

A copy of the STB's Instructor Bio Form or a current resume must also be submitted. All courses should be submitted to: Lisa Barnes, Training Director, State Tax Board, 100 North Senate Avenue, Room N-1058, Indianapolis, IN 46204.

A list of approved courses is also available on our web site at: **www.in.gov/taxcomm/**

If you have questions regarding whether a course has already been approved, please refer to the STB's Approved Course List, distributed twice annually. If you have questions about submitting courses, please contact Lisa Barnes at (317) 233-1168.



Budget Update

by *Melissa Henson*

The State Board of Tax Commissioner's Budget Division began holding 2002 budget hearings on October 1, 2001. The purpose of the hearings is to gather both oral and written evidence from local units of government and taxpayers regarding the proposed budgets of over 2,400 taxing units in the State.

A legislative change that impacts the certification process this year includes the shift of assessed valuations from 33 1/3% to 100% true tax value. Tax rates will show a corresponding decrease with the increase in assessed valuations. County Auditor Certificate of Net Assessed Valuations were modified to show the change in assessed valuation and a budget program check implemented to ensure all counties are using the assessed valuation figures that represent true tax value. Other areas affected by the change include adjustments to cumulative fund rates, state rates, debt service limitations and property tax deductions.

Each taxing unit has a specific date and hearing time in which to present its 2002 budget. After completion of the hearings, Budget personnel will begin the review process associated with the final certification of appropriations, rates and levies for 2001 payable 2002.



State Board Prepares for New Indiana Board of Tax Review

Officials at the State Board of Tax Commissioners are preparing for the metamorphosis of the agency into two new agencies. The Department of Local Government Finance (DLGF) and Indiana Board of Tax Review (IBTR).

The IBTR, created through P.L. 198-2001 will perform the appeals function of the State Tax Board. It will be headed by an independent three-member body appointed by the Governor. The DLGF will take over the remaining functions of the State Tax Board, which includes budget, assessment, operations and data analysis.

As a Result of the new legislation, the appeals process, will change somewhat. After January 1, 2002, all appeals from county PTABOAs will be filed with the IBTR.

(No PTABOA determination appeals will be filed with the DLGF).

Unlike the old appeal process, parties before the IBTR are not restricted to evidence presented at the county PTABOA. Appeals from the IBTR Board will go to the Indiana Tax Court.

After January 1, 2002, the parties before the Tax Court will be the taxpayer and the person whose initial assessment is being challenged usually the township or county assessor.

The government official whose decision is being appealed may be represented in Tax Court by the Office of the Attorney General. The IBTR will not be a party.

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State Board Prepares

(Con't from Page 5)

Judicial review of the IBTR's decision will be conducted on the record made before the IBTR, which will be filed with the Court.

The new judicial review provisions apply not only to all appeals filed after January 1, 2002, but also those decisions, which were issued by the Appeals Division but not appealed as of January 1, 2002. Under P.L. 198-2001, local units of government have greater rights of appeal than before.

The \$800,000 or 10% of all units levies minimum impact to appeal decisions of the PTABOA has been eliminated effective January 1, 2002. However, the county will be entirely responsible for the costs of its legal representation under those circumstances.

The DLGF will assess all state distributable utility property and may assess large industrial facilities under certain circumstances. Appeals of those assessments will be filed with the IBTR.

The State Tax Board has begun the process of reviewing its procedural rules and will be initiating changes to conform to P. L. 198-2001.

A group of affected parties are also reviewing the Tax Court rules, which may need to be revised to comport with the new law.

The State Board and the DLGF will continue to keep you updated as to developments in this regard. In the meantime, if you have any questions, please contact the State Board of Tax Commissioners at (317) 232-3777.



PUBLIC HEARING HELD ON NEW PERSONAL PROPERTY REGULATION

by Diana Boylls

A public hearing was held on September 27, 2001 on the proposed new Regulation 16, the personal property regulation. Written comments were accepted until October 5, 2001.

The State Board has revised the personal property rule to be consistent with the law explained by the Indiana Supreme Court in the *Town of St. John* case.

The Supreme Court ruled that property has to be assessed according to principles of property wealth and without arbitrary provisions that are not based on actual evidence of value.

The draft personal property rule eliminates the arbitrary 35% adjustment for inventory as well as the arbitrary 30% floor for depreciable property.

It adopts depreciation tables that the State Board believes to be consistent with market value.

Although there are some ways in which the draft personal property rule is less favorable to business than the old rule, the State Board prepared a draft rule attempting to follow the constitutional command for uniform valuation.

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PUBLIC HEARING

(Con't from Page 6)

The legislature can make a variety of tax policy decisions that ameliorate the effects of the personal property rule on economic development.

Twelve individuals, representing trade groups, labor unions, local economic development commissions, and local elected officials spoke with a common theme of the effects of the proposed regulations on economic development and recovery.

Most speakers emphasized the current state of the economy and the effects that higher taxes would have on businesses in the state.

There was also concern expressed about the changes in the depreciation schedules, with several speakers questioning the need to even change the personal property rules, based on the *St. John* case.

All of the testimony and written comments received will be evaluated, and the rule will be finally adopted before the end of this year in order that assessing officials will know how to proceed with personal property assessments as of January 1, 2002.

Service

When people have a choice, they choose service over anything else, including price and product attributes.

Pat House, Executive Vice President of Siebel Systems



Rules and Legislative Updates by Mark Webb

The assessing community should be aware of the many rule changes by the State Board of Tax Commissioners which are currently in progress at the various stages noted below:

Reassessment Rules

- ***Real Property Manual:*** Approved by Governor O'Bannon on May 22, 2001, and currently effective.
- ***Personal Property Rule:*** Proposed version published in the Indiana Register September 1; hearing held in Indianapolis on September 27, adoption expected in early November; final rule expected to be approved before year end.
- ***Utility assessment rule:*** Proposed version and notice of hearing to be published in the Indiana Register on November 1; final rule expected to be approved and effective before March 1, 2002.
- ***Mobile Home assessment rule:*** Proposed version and notice of hearing expected to be published in the Indiana Register January 1, 2002; final rule expected to be approved and effective for payable '03 taxes.
- ***Equalization rule:*** Expected to be proposed early next year and effective by late 2002 (first year of new assessments)
- ***Amendment to Manual selection process:*** Notice of Intent published in the Indiana Register September 1, 2001.

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Rules and Legislative Updates

(Con't from Page 7)

Reassessment Rules con't

- Non-rule policy concerning computer certification under new assessment manual published in the Indiana Register October 1, 2001.

H.E.A.1499 (P.L. 198-2001) Related Rules

- **Technical amendments to existing rules necessitated by H.E.A. 1499:** Notice of Intent published in the Indiana Register July 1, 2001; proposed rules expected to be published in the Indiana Register Nov 1.
- **Rehabilitation deduction definition rule:** Notice of Intent to be published in the Indiana Register November 1, 2001.
- **New Computer Standards:** Notice of Intent published in the Indiana Register April 1, 2001; proposed rule to amend existing standards expected to be published around beginning of 2002 (non-rule policy concerning certification under new assessment manual published in Oct 1, 01 IR-see above)

For text of each rule, please refer to the applicable issue of the Indiana Register available online at:

<http://www.in.gov/legislative/register/index-24.html>

Please note: Proposed or expected release dates are subject to change. For additional questions, please contact Bill Waltz at (317) 232-3783.

White County Uses Technology to Aid Reassessment

by Diana Boylls



(County Assessor Karen Hatter looks over the shoulder of Second Deputy Lisa Downey as Lisa calls up her home on the new computer program being used for the reassessment in White County)

When Karen Hatter retired from her banking position a few years ago, she wasn't ready to give up serving the public. She enjoyed her retirement for several years and then ran for and was elected the White County Assessor.

This is Karen's baptism by fire – her first reassessment. However, White County is using the latest in modern technology to assist Karen and her staff, township assessors and township trustee assessors in doing the best job they can.

Manatron received the contract for the reassessment work in White County for the 2002 reassessment. The township assessors and township trustee assessors did the previous reassessment themselves, and they voted to hire an outside firm this time.

Manatron selected Mobile Video Services, Inc. from North Kansas City, Missouri to videotape the properties, and work with the county on the resulting data.

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White County (Con't from Page 8)

It is known as the **"White County Property Verification Project"**. Because it was well publicized through the media before it began and during the time the film crew was in the area in July, there were few problems or complaints. Only one homeowner refused to allow the picture to be taken.

There will be some additional properties that will need to be picked up locally, since the van could not go on private roads and lanes. However, this will not be a major task, considering how much work has already been done with the taping.

Since the county had new aerial maps (flown in late March) that were digitized and easily computerized, the video process worked well.

As a van drove along the street or road, a camera was pointed at the home (or building). A satellite relayed the identification of the parcel and the address to a computer that worked with the camera. This information was processed with the picture and ties back to the maps. Instead of cassettes, the information is stored on CD-ROM and so far, 3 disks are available for use.

One of the data collection problems facing White County assessment officials is that they have over 100 miles of lake shoreline, and many homes are built along Lake Shafer and Lake Freeman with the fronts facing the water.

However, this problem was solved by Richard Bertram, husband of Union Township Assessor Judy Bertram, who rented a boat and took the camera personnel out on the water to tape the fronts of the houses on Lake Shafer. They still have to do Lake Freeman, but it also is shared with Carroll County, so they will only have to do those homes in White County.

continued....

White County (con't)



(White County Assessor's office staff from left: Second Deputy Lisa Downey, County Assessor Karen Hatter and First Deputy Dottie Adams.)

The video imaging software will also help Judy Bertram, the Union Township Assessor whose area includes the City of Monticello, to verify the information. Each parcel will be checked to ensure that the address, parcel number and assessment are correct, among other information. She is presently working to update the new improvements that have been done since March 1, and doing quality control reviews.

This is a feature that is built into the program and allows the person doing the review to check such information as the owner, parcel number, GIS number, property class, and add notes or flags. It also gives the date the photo was taken for reference. Sales disclosure data is also available on this program.

There are approximately 20,000 parcels in White County, and the reassessment, including the taping, will cost \$407,000. Each of the parcels will be compared with the information on the photo, address by address and map location by map location.

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White County (Con't from Page 9)

From what she has seen so far, Karen doesn't think there will be many corrections that need to be made.



(Union Township Assessor Judy Bertram (seated) and her Deputy Assessor Georgianne Kelley (standing) are responsible for the reassessment in the City of Monticello and the surrounding township properties.)

Aside from the obvious benefits of having up to date photos for the assessor's use, this project will benefit the county's E-911 in identifying homes and businesses for fire, police and medical purposes, and assist homeowners and businesses in case they would have a catastrophic loss with "before" photos. And it can happen in White County.

In 1974, a devastating tornado tore through Monticello and destroyed the old White County Courthouse. She also is not anticipating a great many appeals, since the process now allows for compromises to be made.

The system will definitely help with identification of improvements and should be an aid with the appeal process, if the need arises.

The information stored on the CD-ROMs is public record, and will be available for public use.

continued....

White County (con't)

While the system is very user-friendly, there are no plans to put it on the Internet. Comparable properties can be viewed, and such information as the square footage, story height and even the amount of foliage on the property is available. Vacant property can also be identified. Local realtors have also had a session in how to use the new GIS system.

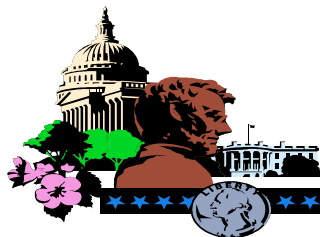
In the coming days, one of the tasks now facing Karen will have to be resolved. The land valuation is done and the PTABOA has seen the work, and the hearings will be set. However, the value did not increase as anticipated, so Karen is looking to possibly having some extraction work done on vacant land.

Karen, who believes in a "hands-on" approach to managing her office, shares her office space with Judy, so they have daily communication on the work that has been done and is in process. Karen has two deputies, Dottie Adams, her first deputy, and Lisa Downey, her second deputy. Judy has a deputy, Georgianne Kelley, to assist her.

It's a very pleasant, bright and efficient office that is using the 21st century technology available to them to benefit all the people who live in White County.



If your county is using technology to aid in your data collection efforts, please let us know. We would like to share your story with others.)



This newsletter is published by the Communications
and Public Affairs Division of the State Board of Tax Commissioners.
All questions and comments concerning this publication should be directed to:

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